

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA  
SAN JOSE DIVISION

**~~[PROPOSED]~~ ORDER PRELIMINARILY  
APPROVING DERIVATIVE SETTLEMENT  
AND PROVIDING FOR NOTICE**

WHEREAS, the Settling Parties have made application, pursuant to Federal Rule of Civil Procedure 23.1, for an order (i) preliminarily approving the proposed settlement (the "Settlement") of the above-captioned consolidated shareholder derivative action (the "Action"), in accordance with a Stipulation of Settlement, dated August 12, 2009 and the exhibits thereto (the "Stipulation"), and (ii) approving for distribution, the Notice of Settlement;

WHEREAS, the Stipulation sets forth the terms and conditions for the Settlement, including but not limited to: (i) a proposed Settlement and dismissal of the Action with prejudice as to the Released Persons; and (ii) an award of attorneys' fees and costs to Plaintiffs' Counsel in the Action, upon the terms and conditions set forth in the Stipulation;

WHEREAS, the Settlement appears to be the product of serious, informed, non-collusive negotiations and falls within the range of possible approval;

WHEREAS, all capitalized terms contained herein shall have the same meanings as set forth in the Stipulation (in addition to those capitalized terms defined herein); and

WHEREAS, this Court, having considered the Stipulation and the Exhibits annexed thereto and having heard the arguments of the Settling Parties at the preliminary approval hearing:

NOW THEREFORE, IT IS HEREBY ORDERED:

1. This Court does hereby preliminarily approve, subject to further consideration at the Settlement Hearing described below, the Stipulation and the Settlement set forth therein, including the terms and conditions for: (a) a proposed Settlement and dismissal of the Action with prejudice as to the Released Persons; and (b) an award of attorneys' fees and costs to Plaintiffs' Counsel in the Action, upon the terms and conditions set forth in the Stipulation.

2. A hearing (the "Settlement Hearing") shall be held before this Court on November 9, 2009, at 9:00 a.m., in Courtroom 3 of the United States District Court for the Northern District of California San Jose Division, 280 South First Street, San Jose, California 95113, to determine whether:

(a) the terms and conditions of the Settlement provided for in the Stipulation are fair, reasonable, adequate and in the best interests of Coherent and current Coherent stockholders;

1 (b) an order and judgment as provided for in ¶1.8 of the Stipulation should be  
2 entered; and

3 (c) to award attorneys' fees and expenses to Plaintiffs' Counsel.

4 3. The Court approves, as to form and content, the notice annexed as Exhibit A-1 hereto,  
5 and finds that the distribution and publication of the Notice of Settlement and the Stipulation  
6 substantially in the manner and form set forth in paragraph 3.1 of the Stipulation, meets the  
7 requirements of Federal Rule of Civil Procedure 23.1 and due process, is the best notice practicable  
8 under the circumstances, and shall constitute due and sufficient notice to all Persons entitled thereto  
9 of all matters relating to the Settlement.

10 4. Not later than ten (10) days following entry of this Order, Coherent shall cause the  
11 Notice of Settlement substantially in the form annexed as Exhibit A-1 hereto and the Stipulation to  
12 be published on its website, such that visitors to the website home page will readily find a hyperlink  
13 to the Notice of Settlement and the Stipulation.

14 5. Not later than ten (10) days following entry of this Order, Coherent shall cause a copy  
15 of the Notice of Settlement to be filed with the Securities and Exchange Commission via a Form 8-  
16 K.

17 6. Not later than ten (10) days following entry of this Order, Coherent shall cause a copy  
18 of the Notice of Settlement substantially in the form annexed as Exhibit A-1 hereto to be published  
19 once in *Investor's Business Daily*.

20 7. All costs incurred in the filing and publication of the Notice of Settlement shall be  
21 paid by Coherent and Coherent shall undertake all administrative responsibility for filing and  
22 publication of the Notice of Settlement.

23 8. At least fourteen (14) days prior to the Settlement Hearing, Coherent's counsel shall  
24 serve on Lead Counsel and file with the Court proof, by affidavit or declaration, of such filing and  
25 publication of the Notice of Settlement.

26 9. All current Coherent stockholders shall be bound by all orders, determinations and  
27 judgments in the Action concerning the Settlement, whether favorable or unfavorable to current  
28 Coherent shareholders.

1           10. Pending final determination of whether the Settlement should be approved, no current  
2 Coherent shareholder shall commence or prosecute against any of the Released Persons any action or  
3 proceeding in any court or tribunal asserting any of the Released Claims.

4           11. All papers in support of the Settlement and the award of attorneys' fees and expenses  
5 shall be filed with the Court and served at least seven (7) calendar days prior to the Settlement  
6 Hearing.

7           12. Any current record holders and beneficial owners of the common stock of Coherent  
8 as of August 12, 2009 may appear and show cause, if he, she or it has any reason why the terms of  
9 the Settlement should not be approved as fair, reasonable and adequate, or why a judgment should  
10 not be entered thereon, provided, however, unless otherwise ordered by the Court, no current  
11 Coherent stockholder shall be heard or entitled to contest the approval of all or any of the terms and  
12 conditions of the Settlement, or, if approved, the Judgment to be entered thereon approving the same,  
13 unless that Person has, at least fourteen (14) days prior to the Settlement Hearing, filed with the  
14 Clerk of the Court at the address below and served on the following counsel (delivered by hand or  
15 sent by first class mail) appropriate proof of stock ownership, along with written objections,  
16 including the basis therefore, and copies of any papers and briefs in support thereof:

17                   Clerk of the Court  
18                   UNITED STATES DISTRICT COURT  
19                   NORTHERN DISTRICT OF CALIFORNIA  
20                   SAN JOSE DIVISION  
21                   280 South First Street  
22                   San Jose, CA 95113

23                   ***Counsel for Plaintiffs***

24                   Jeffrey D. Light  
25                   COUGHLIN STOIA GELLER  
26                   RUDMAN & ROBBINS LLP  
27                   655 West Broadway, Suite 1900  
28                   San Diego, CA 92101

                  Nichole T. Browning  
                  BARROWAY TOPAZ KESSLER  
                  MELTZER & CHECK, LLP  
                  580 California Street, Suite 1750  
                  San Francisco, CA 94104

***Counsel for Coherent and the Coherent Special Litigation Committee***

Michael D. Torpey  
Michael C. Tu  
ORRICK, HERRINGTON & SUTCLIFFE LLP  
777 S. Figueroa Street, Suite 3200  
Los Angeles, CA 90017

Any current Coherent stockholder who does not make his, her or its objection in the manner provided herein shall be deemed to have waived such objection and shall forever be foreclosed from making any objection to the fairness, reasonableness or adequacy of the Settlement as incorporated in the Stipulation and to the award of attorneys' fees and expenses to Plaintiffs' Counsel, unless otherwise ordered by the Court, but shall otherwise be bound by the Judgment to be entered and the releases to be given.

13. Neither the Stipulation nor the Settlement, nor any act performed or document executed pursuant to or in furtherance of the Stipulation or the Settlement: (a) is or may be deemed to be or may be offered, attempted to be offered or used in any way by the Settling Parties as a presumption, a concession or an admission of, or evidence of, any fault, wrongdoing or liability of the Settling Parties or of the validity of any Released Claim; or (b) is intended by the Settling Parties to be offered or received as evidence or used by any other Person in any other actions or proceedings, whether civil, criminal or administrative. The Released Persons may file the Stipulation and/or the Judgment in any action that may be brought against them in order to support a defense or counterclaim based on principles of *res judicata*, collateral estoppel, full faith and credit, release, standing, good faith settlement, judgment bar or reduction, or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim; and any of the Settling Parties may file the Stipulation and documents executed pursuant and in furtherance thereto in any action to enforce the Settlement.

14. The Court reserves the right to adjourn the date of the Settlement Hearing or modify any other dates set forth herein without further notice to the current Coherent stockholders, and retains jurisdiction to consider all further applications arising out of or connected with the Settlement. The Court may approve the Settlement, with such modifications as may be agreed to by the Settling Parties, if appropriate, without further notice to the current Coherent stockholders.

1 IT IS SO ORDERED.

2 DATED: 9/14/2009

3 THE HONORABLE JEFFREY D. FOEHL  
UNITED STATES DISTRICT JUDGE

4 Submitted by,

5 COUGHLIN STOIA GELLER  
RUDMAN & ROBBINS LLP  
6 TRAVIS E. DOWNS III  
JEFFREY D. LIGHT  
7 KATHLEEN A. HERKENHOFF  
BENNY C. GOODMAN III

8  
9 s/Jeffrey D. Light  
10 JEFFREY D. LIGHT

11 655 West Broadway, Suite 1900  
San Diego, CA 92101  
12 Telephone: 619/231-1058  
619/231-7423 (fax)

13 COUGHLIN STOIA GELLER  
14 RUDMAN & ROBBINS LLP  
SHAWN A. WILLIAMS  
15 JOHN K. GRANT  
100 Pine Street, Suite 2600  
16 San Francisco, CA 94111  
Telephone: 415/288-4545  
17 415/288-4534 (fax)

18 BARROWAY TOPAZ KESSLER  
MELTZER & CHECK, LLP  
19 NICHOLE T. BROWNING (251937)  
580 California Street, Suite 1750  
20 San Francisco, CA 94104  
Telephone: 415/400-3004  
21 415/400-3001 (fax)

22 BARROWAY TOPAZ KESSLER  
MELTZER & CHECK, LLP  
23 LEE RUDY  
280 King of Prussia Road  
24 Radnor, PA 19087  
Telephone: 610/667-7706  
25 610/667-7056 (fax)

26 Co-Lead Counsel for Plaintiffs

1 THE WEISER LAW FIRM, P.C.  
2 ROBERT B. WEISER  
121 N. Wayne Avenue, Suite 100  
3 Wayne, PA 19087  
Telephone: 610/225-2677  
4 610/225-2678 (fax)

5 Additional Counsel for Plaintiffs

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**EXHIBIT A-1**



COUGHLIN STOIA GELLER  
 RUDMAN & ROBBINS LLP  
 TRAVIS E. DOWNS III (148274)  
 JEFFREY D. LIGHT (159515)  
 KATHLEEN A. HERKENHOFF (168562)  
 BENNY C. GOODMAN III (211302)  
 655 West Broadway, Suite 1900  
 San Diego, CA 92101  
 Telephone: 619/231-1058  
 619/231-7423 (fax)  
 travisd@csgrr.com  
 jeffl@csgrr.com  
 kathyh@csgrr.com  
 bennyg@csgrr.com

BARROWAY TOPAZ KESSLER  
 MELTZER & CHECK, LLP  
 NICHOLE T. BROWNING (251937)  
 580 California Street, Suite 1750  
 San Francisco, CA 94104  
 Telephone: 415/400-3004  
 415/400-3001 (fax)  
 nbrowning@btkmc.com

Co-Lead Counsel for Plaintiffs

UNITED STATES DISTRICT COURT  
 NORTHERN DISTRICT OF CALIFORNIA  
 SAN JOSE DIVISION

In re COHERENT, INC. SHAREHOLDER DERIVATIVE LITIGATION	)	Lead Case No. C-07-0955-JF
	)	
	)	NOTICE OF SETTLEMENT
	)	
This Document Relates To:	)	EXHIBIT A-1
	)	
ALL ACTIONS.	)	
	)	

**TO: ALL CURRENT RECORD HOLDERS AND BENEFICIAL OWNERS OF  
THE COMMON STOCK OF COHERENT, INC. ("COHERENT" OR THE  
"COMPANY") AS OF AUGUST 12, 2009**

PLEASE TAKE NOTICE that the above-captioned consolidated shareholder derivative litigation (the "Action"), is being settled on the terms set forth in a Stipulation of Settlement, dated August 12, 2009 (the "Stipulation").<sup>1</sup> The terms of the settlement set forth in the Stipulation (the "Settlement") include: (1) a financial benefit to Coherent of over \$6 million; (2) the adoption and/or implementation of a variety of corporate governance reforms, including measures that relate to and address many of the underlying issues in the Action, including director independence, director stock ownership, board membership and board election procedures, and stock option granting procedures; and (3) Coherent's payment of Plaintiffs' Counsel's attorneys' fees and expenses in the amount of \$3 million.

IF YOU ARE A CURRENT OWNER OF COHERENT COMMON STOCK, YOUR RIGHTS MAY BE AFFECTED BY PROCEEDINGS IN THE LITIGATION. PLEASE NOTE THAT BECAUSE THIS IS A DERIVATIVE ACTION AND NOT A CLASS ACTION, NO INDIVIDUAL STOCKHOLDER HAS A RIGHT TO BE COMPENSATED AS A RESULT OF THE SETTLEMENT.

On \_\_\_\_\_, 2009, at \_\_\_\_\_.m., a hearing (the "Settlement Hearing") will be held before the United States District Court for the Northern District of California, San Jose Division, 280 South First Street, San Jose, California 95113, to determine whether: (1) the terms of the Settlement should be approved as fair, reasonable and adequate to Coherent and Coherent's shareholders; (2) the Action should be dismissed on the merits and with prejudice; and (3) to approve the negotiated amount of attorneys' fees to Plaintiffs' Counsel.

Any shareholder of Coherent that objects to the Settlement of the Action shall have a right to appear and to be heard at the Settlement Hearing, provided that he or she was a shareholder of record

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<sup>1</sup> This Notice should be read in conjunction with, and is qualified in its entirety by reference to, the text of the Stipulation, which has been filed with the Court and is available on Coherent's website at [www.coherent.com](http://www.coherent.com). All capitalized terms herein have the same meanings as set forth in the Stipulation unless otherwise indicated.

or beneficial owner as of August 12, 2009. Any shareholder of Coherent who satisfies this requirement may enter an appearance through counsel of such shareholder's own choosing and at such member's own expense or may appear on their own. However, no shareholder of Coherent shall be heard at the Settlement Hearing unless no later than 14 days prior to the date of the Settlement Hearing, such shareholder has filed with the Court and delivered to Lead Counsel and Defendants' counsel, a written notice of objection, their ground for opposing the Settlement, and proof of both their status as a shareholder and the dates of stock ownership of Coherent. Only shareholders who have filed and delivered valid and timely written notices of objection will be entitled to be heard at the Settlement Hearing unless the Court orders otherwise.

If you wish to object to the Settlement, you must file a written objection setting forth the grounds for such an objection with the Court on or before \_\_\_\_\_, 2009, with service on the following parties:

Clerk of the Court  
UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA  
SAN JOSE DIVISION  
280 South First Street  
San Jose, CA 95113

***Counsel for Plaintiffs***

Jeffrey D. Light  
COUGHLIN STOIA GELLER  
RUDMAN & ROBBINS LLP  
655 West Broadway, Suite 1900  
San Diego, CA 92101

Nichole T. Browning  
BARROWAY TOPAZ KESSLER  
MELTZER & CHECK, LLP  
580 California Street, Suite 1750  
San Francisco, CA 94104

***Counsel for Coherent and the Coherent Special Litigation Committee***

Michael D. Torpey  
Michael C. Tu  
ORRICK, HERRINGTON & SUTCLIFFE LLP  
777 S. Figueroa Street, Suite 3200  
Los Angeles, CA 90017

1           Inquiries about the Action or the Settlement may be made to a representative of Lead  
2 Counsel: Rick Nelson, c/o Shareholder Relations, Coughlin Stoia Geller Rudman & Robbins LLP,  
3 655 West Broadway, Suite 1900, San Diego, CA 92101; telephone 800-449-4900.

4 DATED \_\_\_\_\_, 2009

BY ORDER OF THE COURT  
UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA  
SAN JOSE DIVISION

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CERTIFICATE OF SERVICE

I hereby certify that on September 8, 2009, I electronically filed the foregoing with the Clerk of the Court using the CM/ECF system which will send notification of such filing to the e-mail addresses denoted on the attached Electronic Mail Notice List, and I hereby certify that I have mailed the foregoing document or paper via the United States Postal Service to the non-CM/ECF participants indicated on the attached Manual Notice List.

I certify under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on September 8, 2009.

s/Jeffrey D. Light

JEFFREY D. LIGHT

COUGHLIN STOIA GELLER  
RUDMAN & ROBBINS LLP  
655 West Broadway, Suite 1900  
San Diego, CA 92101-3301  
Telephone: 619/231-1058  
619/231-7423 (fax)

E-mail: jeffl@csgrr.com

**Mailing Information for a Case 5:07-cv-00955-JF****Electronic Mail Notice List**

The following are those who are currently on the list to receive e-mail notices for this case.

- **Norman J. Blears**  
njblears@hhlaw.com,dmsalvi@hhlaw.com,lasoboleva@hhlaw.com,rbuehler@hhlaw.com,kelder@hhlaw.com,mjelouse@hhlaw.com,laweiss@hhlaw.com,kwong@hhlaw.com
- **Nichole T. Browning**  
nbrowning@btkmc.com
- **Travis E. Downs , III**  
travisd@csgrr.com,e\_file\_sd@csgrr.com
- **Kristi Kaye Elder**  
kelder@hhlaw.com
- **Geoffrey M. Ezgar**  
gezgar@kslaw.com
- **John K. Grant**  
johnkg@csgrr.com,khuang@csgrr.com,e\_file\_sf@csgrr.com,cwood@csgrr.com,e\_file\_sd@csgrr.com
- **Caz Hashemi**  
CHASHEMI@WSGR.COM,vmendoza@wsgr.com
- **Kathleen Ann Herkenhoff**  
kathyh@csgrr.com
- **Joshua Hill**  
Joshua.Hill@Hellerehrman.com
- **Charles Ralph Jaeger**  
cjaeger@hewm.com
- **Justin Clay Jeffries**  
jjeffries@kslaw.com
- **Sebastian Andres Jerez**  
sjerez@fbm.com
- **Jeffrey Michael Kaban**  
mcintoshjc@cooley.com,kabanjm@cooley.com
- **Alan Roth Plutzik**  
aplutzik@bramsonplutzik.com
- **Timothy Tully Scott**  
tscott@kslaw.com
- **Michael R Smith**  
mrsmith@kslaw.com
- **Michael David Torpey**  
mtorpey@orrick.com
- **Michael Carl Tu**  
mtu@orrick.com
- **Diane Marie Walters**  
dwalters@wsgr.com,smills@wsgr.com
- **Robin Eve Wechkin**  
rwechkin@hhlaw.com
- **Shawn A. Williams**  
shawnw@csgrr.com,FileRoomSF@csgrr.com,jdecena@csgrr.com,FileRoomSD@csgrr.com,travisd@csgrr.com,e\_file\_sf@csgrr.com,cwood@csgrr.com,e\_file\_sd@csgrr.com
- **Carl Brandon Wisoff**  
bwisoff@fbm.com,mzappas@fbm.com,calendar@fbm.com
- **Douglas R. Young**  
dyoung@fbm.com,calendar@fbm.com

**Manual Notice List**

The following is the list of attorneys who are **not** on the list to receive e-mail notices for this case (who therefore require manual noticing). You may wish to use your mouse to select and copy this list into your word processing program in order to create notices or labels for these recipients.

Darren Jay Robbins  
Coughlin Stoia Geller Rudman & Robbins LLP  
655 West Broadway  
Suite 1900  
San Diego, CA 92101

**Manual Notice List**

Lee D. Rudy  
Barroway Topaz Kessler Meltzer & Check, LLP  
280 King of Prussia Road  
Radnor, PA 19087  
610/667-7706  
610/667-7056 (Fax)

Frank J. Johnson  
Brett M. Weaver  
Johnson Bottini, LLP  
655 West Broadway, Suite 1400  
San Diego, CA 92101  
619/230-0063  
619/233-5535 (Fax)

Robert B. Weiser  
The Weiser Law Firm, P.C.  
121 N. Wayne Avenue, Suite 100  
Wayne, PA 19087  
610/225-2677  
610/225-2678 (Fax)